



United States Department of the Interior

FISH AND WILDLIFE SERVICE

Washington, D.C. 20240

IN REPLY REFER TO:

NOV 02 2000

FWS/DF

To: Service Directorate

From: Assistant Director - Business Management and Operations

Subject: Review of Outstanding Undelivered Orders

The timely expenditure of obligated funds is a fundamental principle of sound financial management. The Service's financial management system enables organizations to process payments and control their funds on a daily basis. Unexpended obligated balances are termed "undelivered orders." Longstanding undelivered orders serve as one indicator that a manager is not effectively using funds that have been allocated to their office to carry out Service programs.

In April 1997, changes were made to our Federal Financial System (FFS) which enabled users from field locations to decrease or cancel undelivered orders in the form of Miscellaneous Obligations (MO), Obligations Field (OF) and Fedstrip Obligations (FO). Although this capability exists, the Service continues to have a high volume of undelivered orders residing in its financial records. The Service's undelivered orders were recently scrutinized by the Office of Inspector General (OIG) and the General Accounting Office (GAO). After auditing the Service's FY 1999 financial statements, the OIG determined there were not adequate controls to ensure that unliquidated obligations were deobligated in a timely manner and adequately supported or justified. Further, GAO reported that for the first half of FY 2000, 37 percent of no-year appropriations available (excluding construction) were attributed to unliquidated obligations. This analysis, combined with actual carryover and spending rates, led the GAO to conclude that the Service's FY 2001 no-year appropriations could potentially be reduced.

Managers are reminded that each organization is responsible for its own undelivered orders. Therefore, the Outstanding Undelivered Orders Report (FWS32101) should be reviewed monthly to ensure the validity of all undelivered orders. Organizations may cancel or reduce all existing undelivered orders except travel (TO) and grant (GO) transactions from their field locations. Transactions for travel and grants must be sent to the National Business Center in Denver, Colorado, for cancellation or reduction. Federal Aid program offices should continue to follow guidance issued by the Director in a memorandum dated November 5, 1999, which is attached.

To emphasize improved management of Service funds, Regional Budget and Finance officials were advised of these concerns at the July 2000 Finance Workshop. The FY 2000 yearend closing instructions also provided specific guidance on reviewing undelivered orders.

To ensure that we place the necessary focus on this critical financial management tool, a quarterly report will be prepared by the Division of Finance. The report will highlight those undelivered orders that have not shown any payment activity over the previous 12-month period. Assistant and Regional Directors will be required to validate all open orders and report back to the Assistant Director - Business Management and Operations within 30 days of the close of each quarter. Regions or accounts with a high percentage of invalid undelivered orders or undelivered orders that have had no payment activity in the past 12 months will be requested to conduct a thorough review of their undelivered orders.

If there are any questions regarding these procedures, please contact Ed Buskirk at 703-358-1742

A handwritten signature in black ink, reading "Paul H. Hume". The signature is written in a cursive style with a large, looping initial "P".

Attachment